

## Message Text

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47

ACTION NEA-16

INFO OCT-01 ISO-00 NEAE-00 AID-20 OMB-01 CIAE-00 DODE-00

PM-07 H-03 INR-10 L-03 NSAE-00 NSC-07 PA-04 RSC-01

PRS-01 SP-03 SS-20 USIA-15 TRSE-00 DRC-01 MC-02 EB-11

/126 W

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P R 131058Z MAY 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC PRIORITY 7064

INFO AMEMBASSY RABAT

C O N F I D E N T I A L JIDDA 2613

E.O. 11652: GDS

TAGS: MASS, EAID, SA, MO

SUBJECT: MOROCCAN REQUEST FOR ASSISTANCE IN FINANCING ARMS  
PURCHASES

SUMMARY: MOROCCO HAS REQUESTED DOLS 300 MILLION LOAN FROM SAG  
TO FINANCE ARMS PURCHASES FROM THE US. SAG COOL TO IDEA  
BUT CONSIDERING GUARANTEEING GOM LOAN IF THIS WILL MAKE TERMS  
SOFTER. SAUDIS HAVE REQUESTED THAT WE PROVIDE THEM WITH  
INFORMATION AS TO WHETHER AND HOW THIS CAN BE DONE. WE NEED THE  
INFORMATION BY COB MAY 15. END SUMMARY.

1. COLONEL AHMED DLI MI, CHIEF INTELLIGENCE ADVISOR OF KING  
HASSAN II OF MOROCCO, AND AHMED BENSOU DA, DIRECTOR OF THE ROYAL  
CABINET, VISITED RIYADH IN THE FIRST WEEK OF MAY TO REQUEST  
FROM KING FAYSAL A LOAN OF THREE HUNDRED MILLION DOLLARS WITH  
WHICH TO FINANCE THE PURCHASE OF MILITARY SUPPLIES FROM THE UNITED  
STATES.

2. THE MOROCCANS TOLD THE SAUDIS THAT FINANCING ARRANGEMENTS  
TENTATIVELY SUGGESTED BY THE UNITED STATES  
GOVERNMENT WERE PROHIBITIVELY EXPENSIVE AND THAT THE ARMS  
PURCHASE COULD BE CONCLUDED ONLY IF SAUDI ARABIA WERE TO  
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LOAN THE FULL THREE HUNDRED MILLION ON MUCH MORE GENEROUS TERMS.

3. SAG WHICH RECENTLY PRESENTED WITH MANY DEMANDS ON ITS RESOURCES, IS NOT INCLINED TO MAKE THE LOAN. SAG WOULD MUCH PREFER AN ARRANGEMENT, IN COOPERATION WITH THE USG, WHEREBY SAUDI ARABIA WOULD SIMPLY OFFER A GUARANTEE FOR THE FULL AMOUNT OF THE LOAN, ON THE BASIS OF WHICH THE USG OR INDEPENDENT FINANCIAL INSTITUTIONS WOULD OFFER TERMS MORE ACCEPTABLE TO THE MOROCCAN GOVERNMENT.

4. FURTHER DISCUSSIONS OF THIS SUBJECT WILL TAKE PLACE IN RABAT BEGINNING ON MAY 21, WHEN SAUDI ROYAL INTELLIGENCE ADVISOR KAMAL ADHAM RETURNS THE VISIT OF DLI MI AND BENSOU DA. ADHAM HAS ASKED US, IN THE MEANTIME, FOR ADVICE AND ASSISTANCE IN DEVISING A MUTUALLY SATISFACTORY FORMULA FOR A SAUDI GUARANTEE OF THE MOROCCAN LOAN.

5. ACTION REQUESTED: DEPARTMENT REQUESTED PROVIDE (A) PRECISE DESCRIPTION OF FINANCIAL ARRANGEMENTS DISCUSSED BETWEEN OURSELVES AND THE MOROCCANS, AND (B) COMMENTS ON LOAN GUARANTEE IDEA INCLUDING IF APPROPRIATE SUGGESTIONS ON HOW THE SAUDIS MIGHT PROCEED ALONG THE LINES THEY ARE TENTATIVELY CONSIDERING. AS ADHAM LEAVING FOR RABAT VIA CAIRO ON MAY 16 OR 17 NEED RESPONSE BY COB MAY 15.  
AKINS

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ARMS, BANK LOANS, MILITARY SALES, DEBT REPAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 13 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GarlanWA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Review Comment:** n/a  
**Review Content Flags:**  
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**Status:** NATIVE  
**Subject:** MOROCCAN REQUEST FOR ASSISTANCE IN FINANCING ARMS PURCHASES  
**TAGS:** MASS, EAID, SA, MO  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005